

**SECTION 1 - INTRODUCTION**

Introduction  
Contacts  
Working With Nordstrom Direct

**SECTION 2 – LEGAL DOCUMENTS**

Nordstrom Partnership Agreement  
Nordstrom Direct Purchase Order Terms and Conditions

**SECTION 3 – QUALITY STANDARDS AND CONTROLS**

Inspection Process  
Vendor Claims  
Classification of Defective Merchandise

**SECTION 4 – PACKAGING AND LABELING**

Presentation and Quality Guidelines  
Labeling/Legal Requirements  
Rubberbanding  
Unique Packaging

**SECTION 5 – PACKING AND SHIPPING**

Packing, Sealing & Marking  
Shipping Cartons  
Shipping  
ASN – Advance Shipment Notification  
Routing  
Bills of Lading  
Purchase Order Verification  
Appendix A: specifics on shipping  
Appendix B: glossary of shipping terms

**SECTION 6 – FINANCIAL**

Invoices and Billing Information  
Penalties, Cancellations and Offset Fees  
Example of Vendor Letter  
Example of Vendor History Reporting

Introduction

Contacts

Working With Nordstrom Direct

# Introduction to Our Procedures Manual

---

Nordstrom Inc. remains committed to the founding principles of providing customers with the best quality, value, selection and service. The Nordstrom Direct Procedures Manual integrates all aspects required to successfully meet customer needs and efficiently move products through the supply chain. To highlight some of the essential elements required to achieve this goal, our manual details sampling requirements, quality standards and controls, labeling, legal requirements, packing and shipping.

You, as our business partner, play an integral role in working with us to fulfill our mission. This manual provides the foundation for us to build a successful partnership and to provide superior quality merchandise to a rapidly growing segment of catalog and Internet consumers.

## Contacts

---

### **Vendor Compliance**

Phone (206) 215-7045  
Fax (206) 215-7845  
600 University Street  
Suite 600  
Seattle, WA 98101

### **Nordstrom Direct Traffic Dept.**

Phone (319) 846-4000  
Fax (319) 846-4208  
7700 18<sup>th</sup> Street SW  
Cedar Rapids, IA 52404

### **Nordstrom Direct Accounts Payable**

Phone 1-206-215-7095  
E-mail [DirectAP@nordstrom.com](mailto:DirectAP@nordstrom.com)  
600 University Street  
Suite 600  
Seattle, WA 98101-4102

### **Product & Fit Specialists**

Phone (206) 215-7000  
Fax (206) 215-7764  
600 University Street  
Suite 600  
Seattle, WA 98101

### **Nordstrom Inc. Accounts Payable**

Phone 1-877-444-1313  
E-mail [Apresearch@nordstrom.com](mailto:Apresearch@nordstrom.com)  
P.O. Box 870  
Seattle, WA 98111-0870

**E-mail addresses for all Nordstrom Direct employees follow the format of:**  
[firstname.lastname@nordstrom.com](mailto:firstname.lastname@nordstrom.com)

# Working with Nordstrom Direct

---

The compliance topics listed below summarize main requirements involved in doing business with Nordstrom Direct.

- This document is only a summary and does not replace the Nordstrom Direct Procedures Manual.

## **Main Requirements**

**Internet Item Selection:** All items chosen for any catalog titles are also offered for sale on the Internet website: [www.nordstrom.com](http://www.nordstrom.com).

**Exclusive Catalog Styles:** Styles selected for any catalog titles must not be sold to any other catalog.

**Cooperative Advertising:** All vendors doing business with Nordstrom Direct must contribute 3% of the total cost of all purchases to advertising. This contribution ensures the quality of the presentation of all merchandise, which is advertised nationwide. Advertising includes the vendor's name listed in catalog or Internet copy.

**Customer Returns Due to Manufacturing Defects:** All merchandise returned by customers with manufacturing defects will be claimed back to the vendor. Defective merchandise will be returned to the vendor when received back from the customer, even if it is after the "selling season." This agreement is intended to simplify the claims filing and resolution process and, most importantly, assists in resolving claims in a fair way. Vendors are required to sign a Defective Claims Agreement upon doing business with Nordstrom Direct.

**Freight:** All deliveries must be made by surface, through our approved carriers unless otherwise specified by the buyer. **Carrier listings may be found in the Packing and Shipping section of this manual or located on the Nordstrom website [www.nordstromsupplier.com](http://www.nordstromsupplier.com) under: Compliance Manual/Routing Guide/States.** Shipment terms will be FOB, full paid freight, to the Nordstrom Direct Fulfillment Center.

**Merchandise Back-Ups:** Vendors must hold unconfirmed back-up orders equal to the initial buy quantities. Approximately two to three weeks after a book drops, Inventory Managers will contact vendors with the backup quantities needed. 100% back up is required four to six weeks from the time the backup order is confirmed. Successful items may require quantities in addition to the original back-up order.

**On-Time Delivery:** Our commitment to customer service is dependent on the immediate availability of merchandise when the customer calls. The increased shipping and handling costs, high return rates on back-ordered items and general loss of credibility imply on-time delivery of all purchase orders is the highest priority.

## **Sampling**

Nordstrom Direct requires multiple samples of each item being featured in the catalog or on the Internet site. All samples are considered a cost of doing business and are sent to Nordstrom Direct at the vendor's expense. The vendor is responsible for normal product development costs, which include:

- Samples for buyer's meeting, fit samples or review samples, size run samples and photo samples.

## Working with Nordstrom Direct (cont.)

---

Vendors are required to provide product information and for all items using the Nordstrom Direct forms.

### **Quality**

Nordstrom Direct is committed to offering the customer exceptional service, selection, quality and value. Suppliers are ultimately responsible for product quality. Only first quality goods that meet Nordstrom Direct performance specifications will be accepted. To ensure first quality merchandise is shipped to the customer all styles are subject to an audit at the fulfillment center. Product is audited for the following:

- Packaging and labeling
- Fabric / Materials
- Measurements
- Sewing / Construction
- Dirt / Oil
- Color

If audit fails, Nordstrom Direct reserves the right to 100% inspect entire shipment at vendor's expense. It is in the vendor's best interest to perform their own inspections, as our fulfillment center inspection is costly. Current rates are \$60.00 per man-hour.

### **Vendor Compliance**

**Packing:** Shipping cartons will be packed one size and color per carton. If quantities do not allow for a full carton of a single SKU (size, color) you are allowed to mix by size, not color. If possible, limit to no more than one mixed case per SKU (size and color). Shoeboxes must be packed one layer deep, shoebox labels facing the top of the carton.

**Rubber Banding:** All individual shoeboxes must be rubber banded unless the shoes are in a lip-locked shoebox.

**Advance Shipment Notification Forms (I.E. ASN):** All vendors shipping merchandise to the Nordstrom Direct Illinois, c/o iFulfillment # 812 or the Cedar Rapids Fulfillment Center # 808 must **fax** an "ASN" within 24 hours of each shipment leaving the vendor's warehouse. A copy of the ASN form is included in the Packing and Shipping Section of this manual.

All shipments received that do not conform to our compliance program are subject to offset fees. Refer to our financial section of this manual for details.

## SECTION 2

## VENDOR SET UP FORMS

---

Nordstrom Partnership Agreement

Nordstrom Direct Purchase Order Terms and Conditions

# The Nordstrom Partnership Guidelines

At Nordstrom, we recognize that our success is based on the quality of our relationships with customers, employees, manufacturers, agents, vendors and communities. To maintain the high caliber of these relationships and to achieve our goal of always providing the best value product in the most equitable manner, we have established standards for our business Partners. In communicating these guidelines, we hope to identify potential Partners who share our commitment to quality products, quality business principles and quality community relationships.

We will only engage business Partners who demonstrate a commitment to contribute to the improvement of working conditions and strive to meet our requirements stated in the Nordstrom Partnership Guidelines.

## Legal Requirements

Nordstrom expects all of its business Partners ("Partners" as used in these Partnership Guidelines shall include all agents, vendors, manufacturers, factories, suppliers, and subcontractors) to comply with the applicable laws and regulations of the United States and those of the respective country of manufacture or exportation. All products must be accurately labeled and clearly Identified as to their country of origin. The language to be used for purposes of notice and interpreting the meaning of these guidelines shall be English.

## Forced Labor

Nordstrom will not conduct business with any Partner that uses involuntary labor of any kind; including prison labor, indentured labor, or forced labor. Employees shall not be required to lodge "deposits" or identity papers upon commencing employment with the company.

## Child Labor

Partners will not employ anyone under the age of 15 and/or younger than the age for completing compulsory education, or under minimum ages established by applicable law in the country of manufacturer, if higher than the age of 15. Furthermore, Partners of any kind, will not expose anyone under the age of 18 to situations in or outside the workplace that are hazardous, unsafe, or unhealthy and will provide adequate protection from exposure to hazardous conditions or materials.

## Harassment and Abuse

Nordstrom expects our Partners to treat every employee with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse. Partners will not use monetary fines as a disciplinary practice. Furthermore, workers must be free to voice their concerns to Nordstrom or Nordstrom appointed staff without fear of retaliation by factory management.

## Wages and Benefits

Partners shall set wages, overtime pay and legally mandated benefits and allowances in compliance with all applicable laws. Workers shall be paid at least the minimum legal wage or wage that meets local industry standards, whichever is greater.

## Nondiscrimination

Nordstrom firmly believes people are entitled to equal opportunity in employment. Although the company recognizes cultural differences exist, Nordstrom will not pursue business relationships with Partners who discriminate in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital or maternity status, work or personal affiliations, political opinion or social or ethnic origin.

# The Nordstrom Partnership Guidelines

## Health and Safety

Nordstrom seeks Partners who provide written standards for safe and healthy work environments for their workers, including adequate facilities and protections from exposure to hazardous conditions or materials. These provisions must include safe and healthy conditions for dormitories and residential facilities, and they must comply with local health and safety laws and standards.

## Hours of Work/Overtime

While permitting flexibility in scheduling, we will identify local legal limits on work hours and seek Partners who do not exceed them except for appropriately compensated overtime. While we favor Partners who utilize less than 60 hours a week, we will not use Partners, who, on a regular basis, require in excess of 48 hours per week and 12 hours of overtime per week, or as permitted by applicable law, whichever is lower.

Employees should be allowed one day off in seven.

## Environment

Partners must demonstrate a regard for the environment, as well as the compliance with applicable environmental laws. Further, Nordstrom actively seeks Partners who demonstrate a commitment to progressive environmental practices and to preserving the earth's resources.

## U.S. Customs

Partners will comply with applicable U.S. Customs importing laws and, in particular, will establish and maintain programs and documentation to support country of origin production verification, to avoid illegal transshipping.

## Documentation and Inspection

Nordstrom intends to monitor compliance with our Partnership Guidelines and to undertake on-site inspections of Partners' facilities. Partners will maintain on file all documentation necessary to demonstrate compliance and will authorize Nordstrom and its designated agents (including third parties) to engage in announced and unannounced monitoring activities to ensure compliance, including confidential employee interview. Nordstrom will review and may terminate its relationships with any Partner found to be in violation of the Partnership Guidelines.

## Freedom of Association

Partners will respect workers rights to freedom of association and collective bargaining.

## Subcontracting and Changes in Manufacturers, Factories or Suppliers

Partners will not utilize subcontractors for the production of Nordstrom products or components without written approval and authorization from Nordstrom, and only after the subcontractor has agreed to comply with the Partnership Guidelines. Partners will not change manufacturers, factories, subcontractors or suppliers for the production of Nordstrom products without written approval and authorization from Nordstrom and only after the new factory, subcontractor, or supplier has agreed in writing to comply with the Partnership Guidelines.

## Change of Control

Partners shall promptly notify Nordstrom in writing if the ownership of the Partner changes. The new owners of Partner shall promptly agree to comply with the Partnership Guidelines.

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

The following terms and conditions are a part of each purchase order submitted by Nordstrom Direct, Inc. (“Nordstrom Direct” or “Purchaser”), formerly known as Nordstrom.com, and are binding upon Seller.

ACCEPTANCE BY SELLER IS LIMITED TO THE TERMS OF THE PURCHASE ORDER AND THESE TERMS AND CONDITIONS. PURCHASER OBJECTS TO ANY DIFFERENT OR ADDITIONAL TERMS IN SELLER’S ACCEPTANCE OR ANY OTHER DOCUMENT OR FORM TRANSMITTED ON BEHALF OF SELLER, UNLESS PURCHASER’S WRITTEN CONSENT IS FIRST OBTAINED. Purchaser’s objection to different or additional terms shall not be waived by acceptance of any merchandise or by payment of any invoice.

1. Acceptance of a Nordstrom Direct purchase order, or performance of work in connection therewith, or shipment of merchandise to Nordstrom Direct or any customer of Nordstrom Direct, constitutes Seller’s agreement to all of the following: (i) the terms and conditions set forth herein and in the Nordstrom Direct Procedures Manual, located on Purchaser’s website at **www.nordstromsupplier.com**; (ii) the terms and conditions set forth in the Routing Guide, located on Purchaser’s website at **www.nordstromsupplier.com**; (iii) for international shipments for which Nordstrom, Inc. is the importer of record, including shipments through the Nordstrom Product Group (“NPG”) division of Nordstrom, Inc., the terms and conditions set forth in the NPG Supplier Procedures Manual and the Nordstrom International Packing and Shipping Guide; and (iv) for purchase orders providing for shipment of merchandise directly to Purchaser’s customers, the terms and conditions set forth in the Vendor Operations Specification for the Nordstrom Direct Drop Ship Program (“Drop Ship Program”). For information concerning the Drop Ship Program contact Nordstrom Direct Vendor Compliance at (206) 215-7045. The provisions of these terms and conditions, the Nordstrom Direct Procedures Manual, the Routing Guide, the Nordstrom International Packing and Shipping Guide, the NPG Supplier Procedures Manual and the Drop Ship Program, may be modified by Purchaser at any time. Such modifications will be posted on the Purchaser’s website or otherwise provided to Seller, and shall be binding upon the parties from the date of such posting or provision to Seller.

2. Purchaser may utilize purchase orders in writing, by facsimile or by electronic transmission, including the electronic data interchange system (“EDI”) in accordance with published industry guidelines and the requirements of the Nordstrom Direct Procedures Manual. Verbal orders will not be valid unless confirmed with a written or electronic purchase order. Purchaser will not assume liability for any merchandise shipped to it or upon which work is commenced by Seller prior to receipt by Seller of a duly authorized purchase order, except to the extent of any authorized Production Commitment issued by Purchaser to Seller. Each party shall be responsible for its own costs related to EDI systems and transmissions and shall maintain security procedures sufficient to ensure that EDI transactions are authorized and protected against improper access.

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

3. In the event Seller is unable to deliver any part or all of the merchandise called for by any purchase order, Seller agrees to notify the Purchaser immediately. Such notice will not limit the remedies available to Purchaser or the liability of Seller for nonperformance.

4. Purchaser or Purchaser's agent may refuse delivery or return the merchandise F.O.B. Purchaser's dock for:

- a. Shipments (i) made before the earliest ship date or "Not Before Date," or after the cancel date or "Not After Date," specified in the purchase order, or (ii) shipped prior to or after the "Delivery Date" specified in the purchase order, in either case without the prior approval of Purchaser, time being of the essence of each purchase order.
- b. Shipments of less than or in excess of quantities ordered.
- c. Merchandise which is not according to sample or which are not specified in the purchase order.
- d. Merchandise which is not as represented or as warranted.
- e. Shipments which are not in compliance with the applicable provisions of the Nordstrom Direct Procedures Manual, the Nordstrom International Packing and Shipping Guide, the Routing Guide, the NPG Supplier Procedures Manual and the Drop Ship Program, including without limitation all quality standards, transportation terms and conditions, packing instructions and invoicing instructions.
- f. Merchandise which for any reason, except payment of applicable duties and tariffs, will not be cleared for entry by U.S. Customs.
- g. Merchandise which is recalled for any reason.

5. All merchandise furnished under any purchase order shall be subject to inspection and testing by representatives of Purchaser, its customers or agents, and may be rejected and returned to Seller at Seller's cost when found to be defective, or otherwise subject to return as set forth above, at any time prior to resale, or at any time after resale if Purchaser's customer is allowed a refund or credit. If a shipment, or any portion of a shipment, is determined by sampling procedures to include merchandise that is defective or otherwise subject to return as set forth above, the entire shipment or portion may be rejected and returned to Seller at Seller's cost. At the option of Purchaser in its sole discretion, any returned merchandise or shipment shall be subject to refund, repair or replacement by Seller, at Seller's cost. Payments for merchandise prior to inspection shall not constitute acceptance and Purchaser reserves the right to hold for Seller or return to Seller, at Seller's expense, any rejected merchandise.

6. Seller warrants that the merchandise shipped under any purchase order is fit and safe for the use for which it was manufactured, that to the extent applicable the merchandise is capable of accurately processing date and time data, and that said merchandise or the resale thereof by

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

Purchaser does not and will not violate any laws, regulations, orders or ordinances of the country of origin or of the United States or any state or any agency or political subdivision thereof.

7. Seller warrants that it does not and will not in violation of applicable law, custom or practice (a) discriminate in hiring on the basis of race, color, national origin, gender, religion or sexual orientation, or (b) utilize child labor, prison labor or indentured or forced labor in the operation of its business.

8. Seller warrants that the merchandise shipped under any purchase order, including packaging and labeling: (a) was produced in strict compliance with all applicable laws, regulations, orders and ordinances of the country of origin and of the United States and any state, or any agency or political subdivision thereof, including without limitation any applicable environmental or hazardous substance laws and regulations; (b) was produced in strict compliance with all applicable requirements of the Federal Fair Labor Standards Act, as amended, and with all applicable regulations and orders of the United States Department of Labor; (c) was produced in strict compliance with all applicable requirements of the National Labor Relations Act and other federal, state and local wage and hour and wage payment laws, and with all applicable regulations and orders issued under any of the foregoing; (d) does not and will not infringe any patent, trademark, trade name, copyright, trade secret or other similar right, or utilize any manufacturing or administrative process that would infringe any such right; (e) is accurately labeled and clearly identifies the country of origin; and (f) is labeled in accordance with and complies in all respects with any and all applicable federal, state and local laws, regulations, orders and ordinances, including without limitation any applicable rules of the Federal Trade Commission, the Consumer Products Safety Commission and the Department of Health, Education and Welfare, including care labeling requirements, and the requirements of each of the following Acts to which it may be subject: The Federal Food, Drug and Cosmetic Act, the Wool Products Labeling Act of 1939, the Fair Packaging and Labeling Act, the Fur Products Labeling Act, the Textile Fiber Products Identification Act, the Federal Hazardous Substances Act and the Flammable Fabrics Act.

9. Seller agrees to defend (with counsel acceptable to Purchaser), indemnify and save harmless the Purchaser from any and all claims, suits, liabilities, damages, losses or expenses, including attorneys' fees, asserted against or incurred by Purchaser by reason of, or arising out of or occurring in connection with (a) any breach or alleged breach of any of these terms and conditions, the provisions of any purchase order, or the applicable provisions of the Nordstrom Direct Procedures Manual, the Routing Guide, the Nordstrom International Packing and Shipping Guide, the NPG Supplier Procedures Manual or the Drop Ship Program, or any representations or warranties of Seller made herein or in any purchase order or otherwise, (b) any act or omission of Seller, or the servants, agents or subcontractors of Seller, in the furnishing of goods or in the performance of work under any purchase order, or (c) the possession or use of Seller's merchandise by customers of Purchaser or others. All indemnification obligations of

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

Seller hereunder shall survive termination or cancellation of any purchase order. Seller agrees that Purchaser may maintain records of Seller's compliance with the representations and warranties of Seller made in any purchase order or otherwise and that Purchaser may at any time, upon notice to Seller, undertake inspection of Seller's facilities in order to determine such compliance. Seller agrees to maintain insurance in full force and effect to fulfill Seller's indemnification obligations hereunder, and will furnish Purchaser with certificates of insurance evidencing coverage for Commercial General Liability Insurance including Contractual and Products Liability, on an occurrence basis, with at least \$2,000,000 combined single limit per occurrence, and in the aggregate, and including Vendor's Endorsement naming Purchaser as an additional insured. By requiring insurance herein, Purchaser does not represent that coverage and limits will be adequate to protect Seller, and such coverage and limits shall not be deemed as a limitation on Seller's liability hereunder.

10. Seller represents and warrants that the prices and terms specified in any purchase order are no less favorable to the purchaser than any prices or terms upon which Seller sells or offers to sell to others goods substantially of the same kind as ordered by Purchaser. If at any time prior to resale of the merchandise by Purchaser (other than to an affiliate), goods substantially of the same kind as ordered by Purchaser are sold or offered for sale by Seller at lower prices or on terms more favorable to a third party than those stated in the purchase order, the prices and terms in the purchase order shall be automatically revised to equal the lowest prices and most favorable terms at which Seller shall have sold or shall have offered such goods and payment shall be made accordingly, or at the option of Purchaser, the merchandise may be returned to Seller, at Seller's cost, for a full refund of the purchase price. In the event Purchaser shall become entitled to such lower prices Seller shall notify Purchaser of such lower prices, and if Purchaser shall have made payment at any price in excess thereof, Seller shall promptly refund the difference in price to the Purchaser. Seller agrees to meet any lower price offered by any competitor of Seller for goods substantially of the same kind as ordered by Purchaser or accept cancellation of the purchase order by Purchaser. Unless otherwise provided in the purchase order, prices for domestic shipments include all charges for packaging, boxing, crating and freight, F. O. B. destination, and prices for international shipments include all charges for packaging, boxing, crating and inland freight, F. O. B. port of export.

11. Purchaser reserves the right to cancel all or any part of any purchase order which has not actually been shipped by Seller in the event Purchaser's business is interrupted because of strikes, labor disturbances, lockout, riot, fire, act of God, or the public enemy, or any other cause, whether like or unlike the foregoing, if beyond the reasonable efforts of the Purchaser to control. Seller's timely performance under any purchase order shall not be excused or deemed to have been made impracticable by reason of any delay or failure to perform by Seller or any agent, subcontractor or supplier of Seller, caused by or related to any computer system incompatibility or inability to accurately process date and time data.

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

12. A waiver of or failure to perform any one or more of the conditions of any purchase order shall not constitute a waiver of or an excuse for nonperformance as to any other part of these terms and conditions or any purchase order.

13. All dating except “end of month” begins at the date on which the merchandise is received. “End of month” terming for shipments received after the 25th of the month will be considered next month’s business. Discount terms begin with the receipt of invoice or goods, whichever is later.

14. In addition to any other remedies available to Purchaser, failure to comply with these terms and conditions, the provisions of any purchase order, or the applicable provisions of the Nordstrom Direct Procedures Manual, the Routing Guide, the Nordstrom International Packing and Shipping Guide, the NPG Supplier Procedures Manual or the Drop Ship Program, will result in offset charges and handling fees being charged to Seller. In any dispute under any purchase order or these terms and conditions, whether or not litigation is commenced, the prevailing party shall be entitled to its costs and expenses incurred, including reasonable attorneys’ fees. The rights and remedies herein expressly provided shall be in addition to any other rights and remedies given by law, including without limitation the right to recover all incidental and consequential damages. All warranties, representations and guaranties made by Seller herein are in addition to any and all express or implied warranties provided by law and shall survive termination or cancellation of any purchase order.

15. All merchandise for which Nordstrom Direct is the Purchaser may be resold to Nordstrom, Inc. or its affiliates. Seller acknowledges and agrees that all covenants, representations and warranties of Seller hereunder, and all express and implied warranties with respect to such merchandise, are also for the benefit of and extend to any affiliates of Purchaser or Nordstrom, Inc. Seller agrees that Nordstrom, Inc., or any of its affiliates, shall be entitled to exercise any rights of the Purchaser and to make any claims and return any merchandise directly to Seller pursuant to the terms of any purchase order.

16. In the event of any proceeding, voluntary or involuntary, in bankruptcy or insolvency by or against the Seller, including any proceeding under the United States bankruptcy laws, or any bankruptcy, insolvency or receivership laws of any state or any foreign country, or any political subdivision thereof or in the event of the appointment with or without Seller’s consent of a receiver or an assignee for the benefit of creditors, Purchaser may, at its option, cancel any purchase order as to any undelivered portion of the merchandise.

17. Seller agrees that it will not use any trademark, service mark or trade name owned or controlled by or licensed to Purchaser or any of its affiliates, or used by Purchaser or its affiliates in connection with any products, lines, departments or other goods or services of Purchaser or its

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

affiliates, including but not limited to “Nordstrom,” “Nordstrom Rack,” “Nordstrom.com,” Nordstrom Direct,” “Façonnable” and “Last Chance,” except in connection with merchandise shipped to Purchaser in accordance with a valid purchase order. Seller agrees that all trademarks and trade names of Purchaser belong to or are licensed to Purchaser and Seller will make no claim of right to use or of ownership nor will Seller attempt to register any such trademark or trade name. Seller agrees that merchandise rejected or returned for any reason pursuant to the terms of any purchase order, whether or not such rejection is disputed by Seller, including but not limited to merchandise rejected or returned due to shipment after the delivery date or cancel date specified in the purchase order, will not be resold or otherwise distributed by Seller unless all labels, tags, logos, monograms and other items or characteristics identifying Nordstrom, Nordstrom Rack, Nordstrom.com, Nordstrom Direct, Façonnable, Last Chance, or any other trademark, service mark or trade name owned or controlled by or licensed to Purchaser or its affiliates, or used by Purchaser or its affiliates in connection with any products, lines, departments or other goods or services of Purchaser or its affiliates, have first been removed.

18. Seller agrees that all merchandise shipped under any purchase order may be advertised and sold by Purchaser (or any of Purchaser’s affiliates) at any retail facilities of Purchaser (or any of Purchaser’s affiliates), or by means of catalogs, the Internet, or any other electronic or other medium.

19. Each purchase order and the rights and obligations of the parties hereunder shall be determined in accordance with the laws of the State of Washington and shall not be subject to or governed by the U.N. Convention on Contracts for the International Sale of Goods. If litigation arises under any purchase order or these terms and conditions, or as a consequence of any transaction contemplated or resulting from this or either party’s performance or breach thereof, jurisdiction and venue of such litigation shall be in the Superior Court for the State of Washington for King County, or the United States District Court for the Western District of Washington in Seattle, at the option of Purchaser, and Seller hereby consents to such jurisdiction and venue. Any award or judgment of any of said courts may be entered and enforced in any other domestic or foreign court of competent jurisdiction, and shall be awarded full faith and credit.

20. No claim, action or demand arising out of the transactions under any purchase order may be brought by Seller more than one year after the cause of action has accrued.

21. Seller hereby assigns to Purchaser all assignable warranty rights with respect to the merchandise in each purchase order, including without limitation all rights of Seller under warranties of any manufacturer of any of the merchandise or any part or component thereof.

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

22. Each purchase order is enforceable by Purchaser directly against Seller, regardless of whether the purchase order was submitted directly to Seller by Purchaser or was submitted to Seller by another party on behalf of Purchaser. No such other party shall have any authority to act for Purchaser, bind Purchaser to any agreements or modifications or otherwise act as agent for Purchaser. Seller shall not assign or transfer any purchase order, or any interest therein, without the prior written consent of Purchaser, and any attempted assignment made without such consent shall be null and void.

Invoicing Instructions

All invoices must comply with the requirements of the applicable provisions of the Nordstrom Direct Procedures Manual, the NPG Supplier Procedures Manual and the Drop Ship Program. No payment will be made by Purchaser to Seller until Seller has completed and returned all vendor setup forms required by Purchaser.

Transportation Terms and Conditions

A. Shipping mode specified in any purchase order must be adhered to exactly unless permission to deviate is given by Purchaser's Buyer, the Nordstrom Traffic Manager, or NPG Logistics, or if there is a written agreement or exception signed by Purchaser on file.

B. Notwithstanding any agreement to pay freight or other transportation charges, delivery will not be deemed complete and all risk of loss shall remain with Seller until the merchandise has been actually received and accepted by Purchaser or Purchaser's designated agent or customer.

C. All C.O.D. shipments will be refused.

D. For all domestic shipments:

(i) Authorized carrier selection should be made from the Routing Guide. Any questions should be directed to the Regional Traffic Department.

(ii) Orders shipped F.O.B. city of purchase or any specific city and/or state will be delivered free of charge to Purchaser's consolidator and will be considered F.O.B. consolidator. Advance charges to the consolidation point will be at Seller's expense. Orders shipped F.O.B. factory, or EX factory, will not be free of charge to Purchaser's consolidator and freight charges will be the responsibility of the Purchaser from the shipper's door. Orders shipped F.O.B. Purchaser's distribution center will be delivered free of charge to Purchaser's receiving facility and total freight charges will be at the Seller's expense.

(iii) In addition to any other remedies available to Purchaser, any deviation from the terms of the purchase order, the Routing Guide, or the Nordstrom Direct Procedures Manual, will result in Seller being charged offset charges for freight expenses, handling fees, storage fees and

081800.0021/929913.5

**NORDSTROM DIRECT**  
**TERMS AND CONDITIONS OF PURCHASE ORDER**

---

other expenses incurred by Purchaser or Purchaser's refusal agent, and may result in the sale of any rejected and unclaimed merchandise to a salvage agent for recoupment of expenses.

(iv) Merchandise must be packed, shipped and described on bills of lading in accordance with applicable freight tariffs, and shipment must be *without* declared value EXCEPT when shipping U.S. Mail or Purchaser's authorized small package carrier where the shipper declares value and also prepays for the carrier insurance coverage fees. Any deviations will result in offset charges and handling fees being charged to Seller.

(v) Prepaid shipments: All shipments to Purchaser via air and surface carrier must be sent "Collect," or "Consignee Billing," except U.S. Mail shipments. Purchaser will not reimburse Seller for "prepaid" shipments.

(vi) Shipping surface: Merchandise not authorized for air shipment must follow Purchaser's shipping instructions for surface shipment. Seller is responsible for marking "surface" on the top of general bill of lading. An air bill which is used for surface shipment must have the special services requested box marked.

E. For all international shipments:

(i) Authorized freight forwarder selection should be made from the NPG Supplier Procedures Manual. For all international shipping related questions, contact NPG Logistics. To receive a copy of the NPG Supplier Procedures Manual or the Nordstrom International Packing and Shipping Guide, contact NPG Quality Assurance.

(ii) In addition to any other remedies available to Purchaser, any deviation from the terms of the purchase order, the Nordstrom Direct Procedures Manual, the Nordstrom International Packing and Shipping Guide or the NPG Supplier Procedures Manual, will result in Seller being charged offset charges for freight expenses, handling fees, storage fees and other expenses incurred by Purchaser. If a purchase order provides for shipment via ocean and Seller ships the merchandise via air in order to meet the delivery date, Seller shall reduce Purchaser's first cost of the merchandise prior to shipment by an amount at least equal to the difference in the cost of shipment via air over the cost of shipment via ocean.

(iii) The harmonized system ("HS") number provided by Purchaser in any purchase order is advisory and is subject to change in accordance with the final determination by U.S. Customs at time of importation/liquidation of the style. Refer to the NPG Supplier Procedures Manual for additional information on the HS pre-classification program.

081800.0021/929913.5

Revised September \_\_\_\_, 2002

## QUALITY STANDARDS AND CONTROLS

---

### SECTION 3

Inspection Process

Vendor Claims Agreement

Classification of Defective Merchandise

# Inspection Process

---

## Vendor Administrated Quality Procedures

Vendors are responsible for shipping first quality merchandise. We suggest using an integrated total quality program that includes:

- Incoming materials inspection and testing
- Statistical in-process auditing
- Final 100% inspection
- Final statistical auditing of each production lot after packaging

For the final audit, we suggest you use the Single Sample Plan Level II (normal), Acceptable Quality Level 4.0

Single Sample Plan Level II Normal 4.0 QL			
Lot Size	Quantity to Inspect	Accept	Reject
2 to 8	2	0	1
9 to 15	3	0	1
16 to 25	5	0	1
26 to 50	8	0	1
51 to 90	13	1	2
91 to 150	20	2	3
151 to 280	32	3	4
281 to 500	50	5	6
501 to 1200	80	7	8
1201 to 3200	125	10	11
3201 to 10,000	200	14	15
10,001 to 35,000	315	21	22

ANSI/ASQCZ1.4 - 1993

For multiple piece sets, you can use a 2.5 AQL on each separate piece within the set.

Single Sample Plan Level II Normal 2.5AQL			
Lot Size	Quantity to Inspect	Accept	Reject
2 to 8	2	0	1
9 to 15	3	0	1
16 to 25	5	0	1
26 to 50	8	0	1
51 to 90	13	1	2
91 to 150	20	1	2
151 to 280	32	2	3
281 to 500	50	3	4
501 to 1200	80	5	6
1201 to 3200	125	7	8
3201 to 10,000	200	10	12
10,001 to 35,000	315	14	15

ANSI/ASQCZ1.4 - 1993

## Inspection Process (cont.)

Measurement of the product must be a part of the inspection and auditing process as well as packaging, labeling and accuracy of carton marking and shipping compliance.

We encourage you to visit our fulfillment center to meet our quality inspection department and other areas of operation. Please notify us before you visit.

### **Checking Product and Factories in the Field**

Nordstrom approved quality control personnel may visit our vendor's factories and warehouses to perform either in-line or finished product audits prior to Nordstrom Direct granting shipping approval.

**Note: not all POs will be inspected in the field. Vendors will be selected for product or factory audits based both on random selection and past performance.** In the event that one of your styles is planned for this type of inspection, you will be notified by our Product & Fit Specialist to arrange for a visitation prior to shipping goods to the fulfillment center. If your product fails the audit, the Product & Fit Specialist will work with you to correct the problem. In the case of a failure, Nordstrom will train you on how to implement the 100% inspection.

Vendors will need to be prepared to supply information on the following:

- Quantities and types of product being made
- Health and safety conditions
- Employment practices and working conditions
- Number and types of equipment, capacity and output
- General business information
- Quality Assurance Procedure

### **The Fulfillment Center Audit and Inspection Process**

The final step in our quality assurance program is a final audit in the Nordstrom Direct fulfillment center. The purpose is to provide an additional opportunity to ensure that the product you have made for us meets our quality expectations and for us to monitor your performance.

We audit incoming products using a modified Single Sample Plan Level II (Normal), AQL 4.0

Modified S4 Normal 4.0 QL			
Lot Size	Quantity to Inspect	Accept	Reject
1 to 12	Entire Lot	Direct	100% Inspect
13 to 90	13	1	2
91 to 150	13	1	2
151 to 280	13	1	2
281 to 500	13	1	2
501 to 1200	20	2	3
1201 to 3200	32	3	4
3201 to 10,000	32	3	4
10,001 to 35,000	50	5	6

ANSI/ASQCZ1.4 - 1993 Modified by Nordstrom Direct

Merchandise is inspected for defects and measured to ensure sizing accuracy. Items could fail inspection for:

## Inspection Process (cont.)

---

P/L – Packaging and labeling errors  
M – Measurement out of tolerance  
C – Color unacceptable to standard or variations in shade  
F/M – Unacceptable defects in fabric or material  
D/O – Dirt and/or Oil present  
S – Sewing/construction defects

Any defect which affects the appearance, durability or performance of the product will be rejected – see a full classification of defects in the back of this section.

If the number of defects is equal to or less than the accept level, the lot passes and goes to stock. If the number of defects is equal to or greater than the reject level, the lot is rejected. If the lot is rejected, we have the following options for dealing with the problem:

- 100% inspect the entire shipment charging you back \$60.00 per man-hour.
- Return the entire shipment to you, at your expense, for inspection.

Before we do a thorough 100% inspection we will look at an additional 25% of the shipment or 100 pieces whichever is less and accept the entire shipment if there is less than 4% defective. This allows us to save time and money on inspecting shipments that might be acceptable but failed the initial audit due to the small sample size.

An audit summary will be sent to you at each stage of inspection and we will communicate to you regularly your Quality Pass Rate. Quality Pass Rate is the percent of audits you have had pass our warehouse audit.

### **Bin Checks and Testing**

There are many times when shipments pass their initial audit and defective merchandise still ends up in our customers' hands. When our customers alert us to a problem, we quickly perform a "Bin Check" to verify product remaining in stock is of acceptable quality. If more defects are found, we will notify the vendor and pull the stock for a 100% inspection (see procedures and costs listed above).

In addition to obvious defects, the customer may also alert us to a performance problem. When this occurs, we will send your product through fabric or wear testing to verify performance. If the product does not meet our expectations (as listed in the Performance Specifications in this manual), we will contact you to discuss resolution and acquire a return authorization number. In the event of a testing failure, the vendor will be billed all related fees which may include but are not limited to the following; testing, customer notification and recall of merchandise.

Vendors can avoid returns by making sure they have an ample quality assurance program in place in their facilities to prevent defective merchandise from leaving their facility and arriving at ours.

# Vendor Claims

## **Quality Inspection on Incoming Product**

Incoming merchandise that fails an audit or 100% inspection will be returned to the vendor at the vendor's expense. The vendor claim will include transportation charges, administrative fees, insurance when applicable and merchandise cost. We want you to quickly see the defective units so you can correct any problems for future production.

- Vendors will be contacted for an RA# (return authorization). Vendors have ten business days from request to provide the RA#; after ten business days, defective items will be deducted from payment to the vendor in the form of a claim. Defective items will then be returned to the vendor at the vendors expense with all cartons marked NORDSTROM DIRECT QA DEFECTIVE. Refusal of this shipment will result in the disposal of these goods by Nordstrom Direct. The monetary claim will remain valid.
- It is the vendor's responsibility to provide Nordstrom Direct with accurate information regarding the return of defective items. If the information is inaccurate, or is not given, Nordstrom Direct may dispose of defective items, the dollar amount claimed will remain valid.
- Vendors who have issued an invalid RA# causing defective goods to be returned will be charged back a flat fee of \$150 in addition to all associated shipping costs. Nordstrom Direct may dispose of claimed items, and the dollar amount claimed will remain valid.

## **Customer Returns Due to Manufacturing Defects**

All other miscellaneous defective claims (i.e. customer return with manufacturing defect) will be resolved through the Defective Claims Agreement signed by the vendor and the buyer

**Every vendor is required to have a signed agreement on file with Nordstrom Direct. Purchase Orders will not be confirmed until document is on file with Nordstrom Direct Vendor Compliance.**

- **All merchandise with manufacturing defects returned by the customer will be claimed back to the vendor according to the Defective Claims Agreement. Defective items will be returned to the vendor when they are received from the customer, even if it is after the "selling season" and up to one year from the purchase order receipt date.**
- **All vendors are required to sign the Defective Claims Agreement and fax a copy to the Vendor Compliance department at (206) 215-7764.**
- Vendors who request to be contacted monthly for Return Authorization have ten business days from request to provide the RA#; after ten business days, defective items will be deducted from payment to the vendor in the form of a claim. Defective items will then be returned to the vendor at the vendors expense with all cartons marked NORDSTROM DIRECT DEFECTIVE. Refusal of this shipment will result in the disposal of these goods by Nordstrom Direct. The monetary claim will remain valid.
- Note vendors who refuse delivery of requested defective goods will be subject to a \$150 charge back in addition to all associated shipping costs. Nordstrom Direct may dispose of items and the dollar amount claimed will remain valid.
- It is the vendor's responsibility to notify Nordstrom Direct of any address changes. Please contact the Nordstrom Direct Vendor Compliance area at (206) 215-7045 with any updates or questions regarding claims.

## Classification of Defective Merchandise

---

When defective product is found in our fulfillment center inspection, we will classify by defect type. The following is a list of what we consider to be defects and will fail on inbound shipment. This is not intended to be a complete list but rather an indication of the most common defects.

### **P/L – Packaging and Labeling**

#### Labels

- Labels must be legible for the life of the product
- Labeling other than as specified or required by Federal Trade Commission or Customs
- Excessive staining or distressing of label
- Excessive fraying of label

#### Poly Bags/Boxes/Tape/Folding/SKU stickers

- Missing or illegible suffocation warning on bags
- Bags/Boxes torn or not taped/sealed closed
- Boxes missing rubber bands unless shoes are in a lip locked shoebox
- Bags sealed using staples

#### Shipping Cartons

- Incorrect shipping cartons, carton construction or carton closure
- Improperly marked cartons
- Improperly packed carton which damages the merchandise
- Excessive damage to cartons
- Cartons not securely sealed
- Packing lists not included with shipment
- Contaminants inside the cartons

### **M - Measurements**

- Exceeding spec tolerance
- Back height or heel height not uniform within a pair
- Shoe size not uniform within a pair
- Any measurement out of tolerance that affects aesthetics

### **C - Color**

- Fabric and/or trims dyed to the wrong standard as specified
- Any deviation from color, stripe pattern, stripe sequence, or color combination as specified
- Color which is off-standard
- Shading between parts of a shoe or within a pair of shoes
- Wrong shade of thread affecting appearance
- Soles are discolored by dye finish

## **Classification of Defective Merchandise (cont.)**

---

### **F/M – Fabric/Materials (including leather)**

- Holes, dropped stitches
- Needle holes
- Permanent creases
- Slubs and knots
- Skewed, bowed or biased fabric
- Dye Spots, streaks or smears
- Pilling
- Poor hand (too hard or too soft)
- Not cut on grain
- Nap not as specified
- Snags, pulls in fabric
- Mismatched plaid or stripe
- Any defect not listed that affects the appearance or durability of the product

### **D/O – Dirt/Oil**

- Odor or irritation to eye or skin from the products is considered a defect
- Any oil or foreign material stains
- pressed-in stains, spots or soil
- Spewing

### **S – Sewing / Construction, including Components**

#### Stitching

- Stitches per inch not as specified
- Unauthorized stitch or seam used
- Wrong stitches
- Open seams
- Needle holes
- Improper stitch tension causing loops in stitch or bobbin thread
- Broken stitching
- Beaded stitching
- Drifting stitch line
- Foreign objects embedded in seams
- Mismatched seams
- Roped seams
- Any omitted sewing operation
- Make sure that the labels are sewn on straight and securely
- Linings or sock-liner not secure
- Misaligned upper, sole or toe box
- Soles and/or heels not completely secured to upper
- Surface damage, needle chews, or other abrasion

## **Classification of Defective Merchandise (cont.)**

---

### Seams

- Obvious seam repair
- Seam twisted, puckered, pleated or wavy
- Seam crossover matching
- Any part fabric caught in an unrelated operation or stitching
- Thread breaks or ends of stitching not securely back tacked
- Irregular gauge or stitching
- Stitches skipped or broken
- Raw edges
- Run-offs on topstitching
- Inappropriate seam or stitch type
- Vertical stripe alignment
- Horizontal stripe / plaid alignment
- Spirality (torque, twisted)
- Looper thread / bobbin thread must match fabric or topstitching color unless otherwise specified
- Any line of stitching omitted or not beginning or ending where specified

### Bar tacks

- Any missing bar tack
- Any bar tack not of specified length or width
- Any bar tack that is misplaced, not serving intended purpose

### Components

- Defective components
- Defects of assembly (example: crushed ornaments or buckles)
- Any component not cut in accordance with directional (grain) lines or pattern or specified requirements (such as stripe or pattern matching)

### Trim

- Missing, broken, defective, misplaced or insecurely sewn
- Not securely affixed or improperly stitched down
- Corroded or oxidized
- Incorrect size, width or length

### Snap fasteners

- Broken, bent, cracked, improperly clinched or failing to affect a secure closure or to open freely
- Misplaced, causing bulge, twist, distortion or pucker

### Slide Fastener (Zippers)

- Incorrect length of fastener or pull
- Not sewn properly
- Missing pull
- Missing top or bottom stop
- Does not operate smoothly through range of length
- No wavy zippers
- Teeth or pull corroded or oxidized

### Hook and Loop Tape

- Misplaced or defective
- Length too short / too long
- Missing components

## **Classification of Defective Merchandise (cont.)**

---

### Laces

- Missing
- Incorrect or inappropriate length for shoe
- End of laces not finished, knotted or otherwise treated to prevent fraying
- Eyelet missing or misplaced

### Binding

- Not securely caught in fabric, causing binding to pull away from fabric
- Too tight, causing puckering or pleating
- More than two splices in one binding operation
- Badly twisted
- Incorrect width of finished binding
- Binding of raw edges omitted

### Glue

- Excessive glue
- Deficient adhesion
- Soles and/or heels not completely secured to upper

### Heels

- Wrapping on heels bubble or loose
- Loose heels
- Poor finish on heels

### Construction

- Nails or staples not securely driven in to unit
- No holes punched in straps, or holes not cleared
- Outsole is not adhered to upper

## Chapter 4

## PACKAGING and LABELING

---

### Presentation and Packaging Guidelines

Labeling/Legal Requirements

Rubber-banding

Unique Packaging

# **Presentation and Packaging Guidelines**

---

Please keep in mind when doing business with Nordstrom Direct; the customer will be receiving his/her merchandise through the mail. It is important the footwear is packaged within the shoebox to protect from rubbing or scuffing during transit. Additionally, a rubberband is required to keep the shoebox lid securely in place.

## **Presentation**

- Shoebox must be in good condition.
- Shoebox must not have any pricing.
- Correct size label must be on the outside of shoebox.
- Color and size label on shoebox must match shoes in box.
- Shoebox must be a good fit for size and style of shoe.
- If plastic insert is used, one should be present in each shoe.
- Tissue should line the inside of shoebox.
- Tissue should be color appropriate to shoes, to reduce color rub-off (white tissue with white or light colored shoes, black tissue with dark shoes).
- Each shoe should be stuffed with tissue or cardboard.
- Leather, suede and nubuck shoes must be individually placed in plastic sleeves. Do not seal the plastic sleeve.
- Leather, suede and nubuck shoes should include silica packets (preferably "Dacekin," a non-poisonous substitute for silica packets).
- All shoeboxes must be individually rubber banded unless the shoes are in a liplocked shoebox.

## **Labeling/Legal Requirements**

- Country of Origin must be permanently marked on both shoes.
- Labeling must be as specified or required by the Federal Trade Commission or Customs.
- Correct size must be permanently stamped on the sole of the shoes, shank, tongue, insole or inside upper. **Sticker sizing is not acceptable.**

## **Rubberbands**

Each shoebox must have a rubberband placed around the narrow width of the shoebox. The only exception being shoeboxes that are lip-locked with no possibility of coming open. If shoebox is a clamshell type, please test to ensure lid stays in place by dropping from height of 5 feet. If lid opens, shoebox must be rubberbanded. The rubberband will ensure the lid stays securely in place during the fulfillment process.

Shipments without rubberbands securely in place will fail the quality audit.

## **Unique Packaging**

If your footwear is packaged in a non-standard shoebox, or a polybag instead of a shoebox (often used for slippers) please contact the Vendor Compliance department for complete packaging instructions at (206) 215-7045.

## Section 5

## PACKING AND SHIPPING

---

Packing, Sealing & Marking

Shipping Cartons

Shipping

ASN – Advance Shipment Notification

Routing

Bills of Lading

Purchase Order Verification

Appendix A: specifics on shipping

Appendix B: glossary of shipping terms

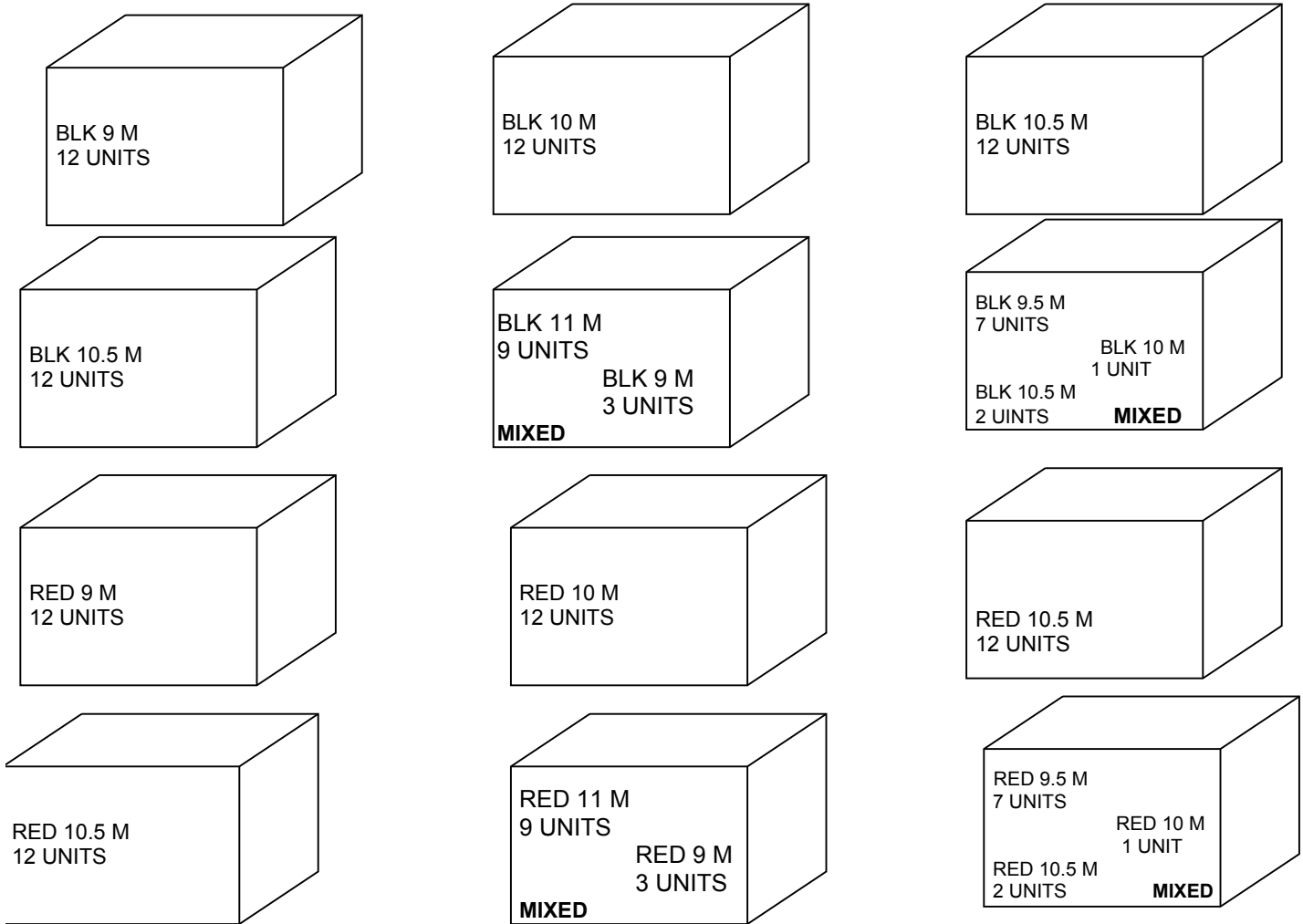
# Packing, Sealing & Marking

## Packing

- **Packing:** Pack each purchase order separately. Pack one color and size per carton (when at all possible).
- **Each PO must be packed by SKU** (color, and size): pack each size separately by color. Case packs or musical size runs are not accepted.
- **If quantities do not allow for a full carton of a single SKU (size, color) you are allowed to mix by size, not color. Cartons that are mixed must be clearly marked "MIXED".**
- **Shoes must be packed one layer deep, shoebox labels facing the top of the carton.**
- **Mixing:** Do not mix merchandise for more than one purchase order in the same carton.
- **No musical packing/case-packs/ size-runs are allowed.**

**Example of packing method: PO # DS-123456 140 units**

Quantity	Color	Size	Quantity	Color	Size
15	BLK	9 M	15	RED	9 M
7	BLK	9.5 M	7	RED	9.5 M
13	BLK	10 M	13	RED	10 M
26	BLK	10.5 M	26	RED	10.5 M
9	BLK	11 M	9	RED	11 M



## **Packing & Marking (cont.)**

---

### **Rubber banding**

- Each shoebox must be rubber banded unless the shoes are in a lip locked shoebox. The rubber band will ensure the box lid stays securely in place during the order fulfillment process.

### **Maximum Carton Weight**

**Cartons shipped to Nordstrom Direct Illinois C/O iFulfillment Store # 812 must not exceed 50lbs. (22.5 kgs.) in gross weight.**

### **Sealing Cartons**

The top and bottom of every carton must be sealed with 2"- 3" patterned tape. The tape must not interfere with any carton markings. Do not use staples, bands, straps, cellophane, plain clear or plain brown tape. Acceptable tapes are listed below:

- Patterned polypropylene tape. The tape pattern can be anything that will help identify when a carton seal has been broken.
- Patterned water-activated paper tape with fiber reinforcement. The pattern can be anything that will help identify when a carton seal has been broken.

### **Marking**

One end **and** one side of each carton must be marked as indicated below. Carton markings must be large enough to be easily read. See illustration on next page.

**Mark the wide side of each carton with the following information:**

- Shipper's name & address
- Destination address:

**Nordstrom Direct Illinois  
c/o iFulfillment Store # 812  
605 West Crossroads Parkway  
Bolingbrook, IL 60440**

- Nordstrom Direct purchase order number (two alpha characters, six numeric characters)
- Carton number (in format x of y where y equals the total number of cartons)
- Nordstrom Direct item number (minimum of four numeric characters)
- Nordstrom Direct color code(s) (three alpha characters)
- Nordstrom Direct size(s)
- "MIXED" (if carton contains mixed SKU's)
- Total pieces

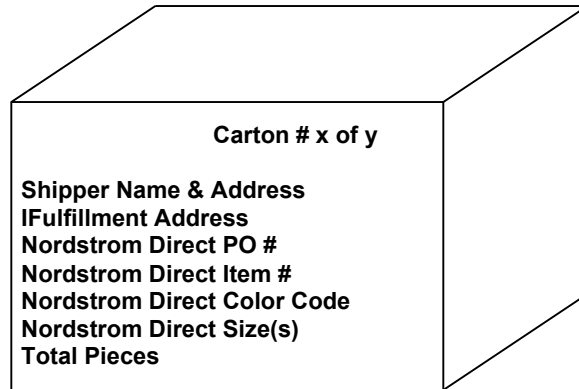
## Packing, Sealing & Marking (cont.)

---

**Mark narrow end of each carton with the following information (perforation is optional):**

- Nordstrom Direct item number (located on purchase order)
- Nordstrom Direct color code(s) (located on purchase order)
- Nordstrom Direct size(s)
- Quantity
- Purchase order (PO) number (located on purchase order, begins with a two letter prefix)

(Figure 1)



## Shipping Cartons

As of April 1, 2001 shipments to iFulfillment #812 are no longer required to be packed in compliant sized shipping cartons (23" x 15" x 17"). However, if your purchase order indicates your shipment destination is the Cedar Rapids Fulfillment Center # 808 merchandise must be packed in compliant cartons and cannot exceed a maximum weight of 40 lbs.

### Composition

All cartons shipped to Nordstrom Direct must be new and made of corrugated cardboard. Cartons must have a minimum bursting strength of 200lbs./in sq.

### Shipping Carton Suppliers:

- It is not necessary to purchase cartons from these suppliers; they are listed for your convenience.

<b>Carton Suppliers</b>	<b>Company Name/Address</b>	<b>Contact Name/Number</b>
<b>East Coast</b> Pennsylvania	<b>All Size Corrugated</b> P.O. Box 4544 Lancaster, PA 17604	Phone: (800) 542-1994 Fax: (714) 684-0543 Contact: Dick Schroeder, Fay Dietrich or Jeff Gisslin
<b>East Coast</b> New York area	<b>Dawn Industries</b> 450 Seventh Ave New York, NY 10123	Phone: 1-888-DAWN-USA 1-888-329-6872 Phone (212) 432-0035 Fax: (212) 563-0489 Fax: (212) 596-0167 Contact: Jonathan Greenberg Marla Perrino
<b>West Coast</b>	<b>California Supply</b> 491 E. Compton Blvd. Gardena, CA 90248  <b>California Supply</b> 30049 Ahern Street Union City, CA 94587	Phone: (310) 532-2500 Fax: (310) 327-1849 Violet Parrish x134 Mark Weinstein x132 Phone: (510) 429-0426 Fax: (510) 562-2625 Phil Footlik x 121 Bob Johnson x 131
<b>Mid-West</b>	<b>Ability Enterprise</b> 1440 N. Kingsbury #120 Chicago, IL 60622	Phone: (312) 337-8433 Fax: (312) 337-8677
<b>Canada</b>	<b>Paramount Paper Products</b> 1300 Boul Jules Poitras St. Laurent, Quebec H4N1X7	Phone: (514) 331-0083 Fax: (514) 331-3274 E-mail: <a href="mailto:info@paramountpaper.com">info@paramountpaper.com</a> Contact: Mr. John Bilikas
<b>Hong Kong</b>	<b>Ching Wah Industrial Co.</b> Unit 13,5F Block A Wah Tat Industrial Centre 8-10 Wah Sing Street Kwai Chung, Kowloon , HK	Phone: 242-36537 Phone: 242-36551 Fax: 242-36555 Contact: T.C. Cheung
<b>China</b>	<b>No.2 Printing/Packing Factory</b> Zhujiawan, Changshu City, China	Phone/Fax: 86-21-246012 Contact: Mr. Zhu Bin Rong
<b>Spain</b>	<b>Cartopesa</b>	Phone: 96-663-0592 Fax: 96-663-2646
<b>Brazil</b>	<b>Ind. Cartel S.A.</b>	Phone: 011-555-1597-1311 Fax: 011-555-1597-1523

## **Shipping Window**

All shipments must be made within the early ship and past cancel dates listed on the Nordstrom Direct purchase order. Purchase orders shipped outside of this window may be refused and returned at the shipper's expense and liability. Early purchase orders that are accepted will be subject to strict handling and storage fees. Late purchase orders that are accepted will be subject to cancellation and/or penalties. See the Financial section in this manual for more information.

## **Purchase Order Verification**

All purchase orders shipped to the Cedar Rapids Fulfillment Center must be verified prior to shipment. Invalid purchase orders will be refused and returned to the shipper at the shipper's expense. The shipper will also incur any applicable storage fees and a \$25 handling fee. See the "Purchase Order Verification" section in this manual for more information.

## **Advance Shipment Notification Forms**

All vendors shipping merchandise to Nordstrom Direct must fax an **"Advance Shipment Notification (A.S.N.)"** to our Fulfillment Center within 24 hours of shipment leaving the vendor's warehouse. (A copy of the A.S.N. is located in this section of the manual.)

This is NOT an electronic transmission (EDI).

## **Consolidation**

All purchase orders shipped to the Nordstrom Direct Illinois c/o iFulfillment Store # 812 on the same day should be on one bill of lading.

## **Carrier Selection**

All shipments to Nordstrom Direct Illinois c/o iFulfillment Store # 812 must be made through our approved carriers. Select the appropriate carrier (listed in the "Routing" section in this manual) based on the buyer's requested shipment method (surface or air), your shipping location, and the weight of your shipment.

## **Scheduling a Pickup**

Contact the designated Nordstrom Direct carrier at least 24 hours in advance to schedule a pickup. Provide the carrier with the total weight and cartons in your shipment. If our designated carrier does not provide service to your shipping location, call the Nordstrom Direct Traffic Dept. at (319) 846-4000.

- Important Note: **Do Not Pre-pay Freight.** Freight cost is collected from the vendor in the form of a freight chargeback.

## **Bills of Lading**

Create a bill of lading. See the "Bills of Lading" for more information.

## **Billing**

Bill your shipment COLLECT. Nordstrom Direct will not reimburse vendors for prepaid shipments.

- Do not prepay shipment. Nordstrom Direct will collect the freight cost from the vendor in the form of a freight chargeback.

## **Declaration of Value**

DO NOT declare value on Surface or Air shipments

## **Shipping (Cont.)**

---

### **Freight**

All deliveries must be made by surface, unless otherwise specified by the buyer, through our approved carriers (see "Routing" section in this manual). Shipment terms will be FOB, full-paid freight, to Nordstrom Direct Illinois c/o iFulfillment Store # 812

### **On-Time Delivery**

Our commitment to customer service is dependent upon the immediate availability of merchandise when the customer calls. The increased shipping and handling costs, very high return rates on back-ordered items and general loss of credibility imply that on-time delivery of all purchase orders is of the highest priority.

### **Penalties and Cancellation Policy**

Merchandise that is not completely available on the agreed upon date will jeopardize future business opportunities and are subject to cancellation or specified invoice penalties. If the vendor is unable to fulfill contractual obligations, Nordstrom Direct requires notification as soon as the vendor is aware of any potential problems, or at least two weeks before the cancel date.

### **Substitutions / Overages**

- Do not ship more units than the quantity listed on the purchase order. Any amount over the P.O. quantity must be approved by the buyer prior to shipping.
- Do not send substitutions of any kind. Substitute styles will be returned at the vendor's expense in addition to handling fees. Return authorization will not be requested.

### **Assistance with Purchase Orders**

For inquiries regarding a purchase order, contact the buyer listed on your purchase order. All buyers can be contacted through a receptionist at (206) 215-7000.

## **Advance Shipment Notification (ASN)**

---

### **Advance Shipment Notification Forms**

All vendors shipping merchandise to Nordstrom Direct must **fax** an **Advance Shipment Notification (A.S.N.)** to our Fulfillment Center within 24 hours of each shipment leaving the vendor's warehouse. (A copy of the A.S.N. is located in this section of the manual.)

This is not an electronic or 850 ASN. Nordstrom Direct does not currently require or accept electronic transmissions of ASN's. Please **FAX** ASN document included in this section of the manual.

If you would like the option of using an e-mail version of this form, please contact the Vendor Compliance department at (206) 215-7045 or e-mail your request to [808ASN@nordstrom.com](mailto:808ASN@nordstrom.com).

# ADVANCE SHIPMENT NOTIFICATION

SHEET \_\_\_ OF \_\_\_

**Nordstrom Direct**      DATE: \_\_\_\_\_  
 c/o IFULLFILLMENT store #812  
 605 WEST CROSSROADS PARKWAY  
 BOLINGBROOK, IL 60440  
 (319) 846-4205 or 4206 FAX: (509) 351-9025  
 Email address: [receivingbb@ifulfillment.com](mailto:receivingbb@ifulfillment.com)

**SHIPPER/VENDOR INFORMATION:**

Nordstrom Vendor # \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Contact \_\_\_\_\_ Requested Ship Date \_\_\_\_\_  
 Address \_\_\_\_\_ Telephone No. \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_ Fax No. \_\_\_\_\_

**SHIPMENT INFORMATION:**

Total Cartons Being Shipped \_\_\_\_\_ Shipping AIR or GROUND \_\_\_\_\_  
 Total Carton Weight \_\_\_\_\_ Shipping Via (Carrier) \_\_\_\_\_

**Nordstrom Use Only:**

Shipment Number \_\_\_\_\_ Scheduled By \_\_\_\_\_  
 Appointment Number \_\_\_\_\_ Date \_\_\_\_\_  
 Appointment Date/Time \_\_\_\_\_

Purchase Order No. (#)	Mixed SKU (*)	Carton # (1 of 2)	Nordstrom Direct Item #	Nordstrom Direct Color Code	Size	Units Shipped



## **SHIPMENT DESTINATION**

Nordstrom Direct Illinois c/o iFulfillment Store # 812

## **PICK-UP**

Vendors are required to call the consolidator 24 hours prior to shipment for pick-up.

## **LARGE SHIPMENTS**

For surface shipments over 10,000 lbs, over 1,200 cubic ft. and air shipments over 1,000 lbs., call the Cedar Rapids Fulfillment Center #808 Traffic Department (319) 846-4000.

## **CARRIER SELECTION**

For carrier selection please reference the Nordstrom Routing Guide on the Nordstrom Supplier website [www.nordstromsupplier.com](http://www.nordstromsupplier.com). **Review selections for shipments to DC #812**

For additional routing questions contact the Nordstrom Direct Traffic Department at (319) 846-4000

## **Shipping to 812 ~ iFulfillment**

### **General Rules:**

- Suppliers must **call Carrier 24 hours prior** to shipment for pickup and PO verification. **Same-day pickup requests will not be accepted.**
- Combine the weight of **all** cartons shipping on the **same** day.
- See the 'Routing Guide Carriers' pages for all carriers listed on this page and for further shipping instructions.
- For shipment weights greater than shown, or with any questions contact the DC Traffic Office to which you are sending merchandise.
- All shipments must be sent collect or when shipped via Airborne Express sent "Bill Receiver".
- Routing is subject to change, please check guide prior to *each* shipment.

### **Address:**

**Nordstrom Direct Illinois  
c/o iFulfillment St. 812  
605 West Crossroads Parkway  
Bolingbrook, IL 60440**

**Phone (319) 846-4005/6 ~ Fax (319) 846-4208**

For **carrier selection** please reference the Nordstrom Routing Guide on the Nordstrom Supplier website:

[www.nordstromsupplier.com](http://www.nordstromsupplier.com)

## Bills of Lading

### UPS, Burlington Air Express or Emery Worldwide Express Shipments

1. Complete one airbill for all merchandise being shipped on the same day.
2. Unless otherwise specified, ship merchandise to:

Nordstrom Direct Illinois  
 c/o iFulfillment Store # 812  
 605 West Crossroads Parkway  
 Bolingbrook, IL 60440

3. List all Nordstrom Direct purchase orders and their respective department numbers in the airbill reference field. Reference the purchase order and department numbers in the following format: PO# / Dept. # (i.e. IF490822/124, IF123456/45).
4. Select the appropriate **collect** billing method. See chart below for each carrier's specific method type.
5. Select the service type indicated on the carrier selection table in the routing section of this manual for your designated carrier.

### For Nordstrom Direct Consolidator Shipments (CTE, Colonial, Norcon or Gilbert)

If the routing instructions on previous page instruct you to ship via CTE, Colonial, Norcon or Gilbert East, you must do the following when creating a Nordstrom Direct master bill of lading:

1. **Fill out one master bill of lading per day and mark it COLLECT.**
2. **Number the bill of lading pages in the format x of y where y equals the total number of pages.**
3. **List the following:**

Shipper's name and address: See Routing page  
 Final destination address: **Nordstrom Direct Illinois  
 c/o iFulfillment Store #812  
 605 West Crossroads Parkway  
 Bolingbrook, IL 60440**

Total shipment weight  
 Total shipment cubic measure  
 Total cartons  
 Description of all articles shipped. The description must conform to classifications and tariffs in effect on the date of shipment.

4. **Include the following information for each purchase order being shipped:**  
 Nordstrom Direct purchase order number(s)  
 Department number  
 Number of cartons or  
 Weight

AIRBILL INFORMATION Field for PO #'s	CARRIER		
	Burlington Air	Emery Worldwide	Airborne Express
	Special Instructions/ Additional Information	Customer's Reference Number (s)	Internal Billing Reference Information
<b>Billing Method</b>	Collect	Bill to Consignee	Bill To Consignee
<b>Account Number</b>	None	None	None
<b>Service</b>	Second Day	Second Day	Second Day

## Purchase Order Verification

To avoid refusals and penalties, verify all purchase orders prior to shipping. Only valid purchase orders will be accepted. Purchase order verification can be done in one of the following manners:

- **Carrier Verification:** See below for a directory of participating carriers. Provide your designated carrier (see *Shipping, Carrier Selection* on page 36) with your Nordstrom Direct purchase order number(s), your name and your fax number.
- **Fulfillment Center Verification:** Nordstrom Direct Traffic Dept. (319) 846- 4000

CARRIER DIRECTORY FOR P.O. VERIFICATION		
Carrier	Fax Number	Phone #
Burlington Air Express	(973) 954-2010	(973) 954-2000
CTE	(323) 357-1724	(800) 540-0244
Colonial Trucking	(508) 588-7356	(800) 362-4464
Emery Worldwide Express	(913) 469-8715	(800) 447-0441
Gilbert East	(908) 862-8796/98	(908) 474-0024
Norcon	(513) 942-2798	(513) 942-5768
Airborne Express	N/A	(800) 742-5877

## Appendix A: Specifics on Shipping

- 1) Deviations from these instructions and routing without approval of the buyer and/or the Fulfillment Center/Traffic Department can result in a \$25.00 handling charge which will be deducted from your invoice.
- 2) Residential shippers should call the D.C. #808 Traffic Department for routing assistance at (319) 846-4000
- 3) **DECLARATION OF VALUE:** DO NOT DECLARE VALUE ON SURFACE OR AIR SHIPMENTS
- 4) **SHIPMENTS FORWARDED TO AN INCORRECT RECEIVING DESTINATION ADDRESS** may be refused or rerouted via air to the correct destination. The seller will be responsible for freight charges and handling charges to correct destination.
- 5) **USE OF AUTHORIZED CARRIERS:** The vendor agrees to pay all transportation charges if shipment is made via carrier or mode not authorized by Nordstrom Direct, regardless of whether Nordstrom Direct may incur lower or higher transportation costs. Failure to comply with Nordstrom Direct routing instructions (located in the shipping section of this manual) places full liability for loss of damage on the vendor.
- 6) **COLLECT/PREPAID SHIPMENTS:** All shipments to Nordstrom Direct must be billed collect with one exception. Prepaid shipments can be made **only** when the vendor is paying ALL the transportation and liability costs.
- 7) **COD:** Cash on Delivery shipments will be REFUSED.
- 8) **SAMPLES:** (I.e., NOT FOR RESALE) ship freight prepaid, write, "SAMPLES" on outside of carton. Please refer to Sampling and Requirements section of this manual.
- 9) If a **CARRIER NAME APPEARS ON THE PURCHASE ORDER** which differs from the authorized carrier stated in the Nordstrom Direct Procedures Manual, contact Cedar Rapids Fulfillment Center #808 Traffic Department at (319) 846-4000
- 10) **REFUSALS**
  - a) All verified purchase order numbers must be written on each B.O.L. (Bill of Lading). Invalid purchase orders and B.O.L without purchase order numbers will be refused at origin or destination. Such shipments may be returned at the SELLER'S EXPENSE and will be charged a penalty of \$25.00 handling charge plus inbound freight charges. If accepted at destination a chargeback may be assessed.
  - b) Purchase orders shipped before "EARLIEST SHIP DATE" or after the "CANCEL DATE" may be refused at origin or destination. ANY CHARGES INCURRED, (including redelivery and storage charges) DUE TO REFUSED MERCHANDISE WILL BE THE SELLERS LIABILITY. If accepted a chargeback may be issued for full freight, handling charge and/or late fees.
  - c) Refused goods will be held on hand at a consolidator facility. The B.O.L shipper will be notified by a legal notice. If freight is undeliverable consolidator will exercise its lien to sell the goods after 30 days if disposition and carriers accumulated freight accessorial and storage charges are not prepaid to consolidator. Shipper is subject to consolidator rates.
  - d) Seller bears full liability for loss or damage on refusals resulting from invalid purchase orders or improper shipping or packaging.
- 11) **VENDOR CLAIM RETURNS:** Past cancel, ship too soon, over shipments, unauthorized substitutions or defective goods shipments will be returned at the SELLER'S EXPENSE and the seller will be charged a handling charge (\$25.00) plus inbound freight charges. RETURN AUTHORIZATION stickers will not be used on these shipments. Seller bears full liability for loss or damage.
- 12) **SURFACE SHIPMENTS OF 7,000 LBS** or 1,200 cubic feet or any air shipments over 50 lbs contact the Cedar Rapids Fulfillment Center Traffic Department at (319) 846-4000 for authorization.

## Appendix B: Glossary of Shipping Terms

- 1) Purchase Order (PO/P.O.): Legal binding contract between the buyer and vendor
- 2) F.O.B. Point: Freight On Board/Free On Board. A term of sale that defines who is to incur transportation charges for the shipment, who is to control the movement of the shipment, or where the title to the goods passes to the buyer; originally meant "free on board" ship.  
**FOB Factory:** Title of goods passes to the buyer at the factory. Supplier pays zero (0) freight unless a freight allowance is applicable.  
**FOB Consolidator:** Title of goods passes to the buyer at the consolidation point. Supplier pays all freight costs to the point of consolidation, plus any additional freight costs, which are dependent on what is agreed in the freight allowance field on the PO.  
**FOB Store:** Title of goods passes to the buyer at the Nordstrom DC or Store. Supplier is liable for the shipment until it reaches Nordstrom.  
**NOTE:** FOB Store does NOT mean ship direct to store. See the Purchase Order field titled "FOB Point".
- 3) **Freight Allowance:** Amount of freight vendor pays from the F.O.B. point; see chart below for definitions of freight allowances

<b>"O" (zero)</b>	Vendor pays 0 (zero) freight from the F.O.B. point.
<b>"Full" or "Paid"</b>	Vendor pays full freight from point of origin.
<b>"1/2" or "Half"</b>	Vendor pays _ freight from F.O.B. point.
<b>"Diff"</b>	Vendor pays the difference between Nordstrom contracted surface and air rates from F.O.B. point marked on air shipments only.
<b>"1/2 Diff"</b>	Vendor pays _ the difference between Nordstrom Contracted surface and air rates from the F.O.B. point marked on air shipments only.

- 4) **Shipping Window:** Early Ship and Cancel Date of Purchase Order (PO).
  - On collect shipments to the distribution center, merchandise must be shipped on or between the early ship and cancel date from the factory.
  - On Prepaid and house carrier shipments to the consolidator, merchandise must reach the consolidator on or between the early ship and cancel date.
- 5) **Mode:** Method of transportation. Determined by buyer and indicated on P.O. as surface or air.
- 6) **Weight Break:** Weight at which carrier determination is made.
- 7) **Consolidator:** Assembles interliner shipments, organizes merchandise by D.C. and P.O., manifests shipments by D.C. and transmits to each D.C. to pre-alert them of the merchandise and delivery date. Releases freight by assembly to the Distribution Center.
- 8) **D.C.:** Distribution Center. Nordstrom Direct distribution center #808 (also referred to as Fulfillment Center#808 and/or Store #808 processes all merchandise for Nordstrom Direct. All Nordstrom Direct orders must be shipped to the Cedar Rapids Fulfillment Center # 808 at 7700 18<sup>th</sup> Street SW, Cedar Rapids, IA 52404 or Store 812 Nordstrom Direct Illinois c/o iFulfillment 605 West Crossroads Parkway, Bolingbrook, IL 60440. Please check your PO for Ship-to.
- 9) **Volume Shipment:** Surface shipments over 7,000 lbs. or 1,200 cubic feet or air shipments over 1,000 lbs. To make a volume shipment call the traffic department at D.C. #808 at (319) 846-4000. Be prepared to provide all P.O. #'s, pieces, weight and cubic measure of the shipment.
- 10) **Cubic Feet:** Length X Width X Height of cartons.
- 11) **B.O.L.:** Bill of Lading is a contract of carriage document, it serves three purposes; a) to set terms and conditions of the contract. B) to serve as a receipt for the goods transported. C) to serve as documentary evidence of the party entitled to deliver.

Invoices and Billing Information

Non-compliance Offset Fees

Example of Vendor Letter

Example of Vendor History Reporting

# Invoices

---

**Important Note:** As of January 2001, all vendors will be required to submit invoices electronically. For EDI mapping please refer to the Accounts Payable section of the **Nordstrom Inc. Supplier Compliance manual**. This manual can be accessed through the worldwide web at [www.nordstromsupplier.com](http://www.nordstromsupplier.com). For additional information please contact the supplier compliance hotline at 1-877-444-1313.

**Invoicing Instructions:** Enrollment and testing are required prior to sending an invoice (810) transmission. Suppliers can do EDI in-house or utilize a 3<sup>rd</sup> party service bureau. Please contact our EDI department by calling 1-877-444-1313 enrollment information and testing procedures. Suppliers should allow 1-2 months for testing.

**Non-compliance:** A charge, per invoice is assessed for each paper invoice sent to Accounts Payable. Enrollment and testing are required prior to sending an invoice (810) transmission.

**Required Information:** The following information is required on Merchandise Invoices:

- Purchase Order (PO) Number
- Vendor Number
- Invoice Date
- Unique Invoice Number
- Department Number
- Packing Slip Number
- Payment Terms
- Ship Date
- Store Number and Distribution Center Number
- Style Numbers and the Number of Units per style
- Unit Cost and Total Cost per style
- Total Units Shipped (per invoice, excluding 'back ordered' or 'no charge' items)
- Total Cost (separate out any special charges. Freight must be billed separately to the Distribution Center)

**Note: Invoices missing any of the required fields will be rejected**

**Create one invoice for each purchase order.**

**Invoice and Claim Inquiries:** To better serve your account we request all invoice and claim inquiries to be sent in writing to:

**Nordstrom Direct Accounts Payable  
600 University Street, Suite 600  
Seattle, WA 98101-4102  
OR e-mail:**

[DirectAP@nordstrom.com](mailto:DirectAP@nordstrom.com)

**Freight Invoices:** Any freight charges must be invoiced on a separate document. The freight invoice must be delivered with the merchandise to the Cedar Rapids Fulfillment Center. DO NOT include freight charges on a merchandise invoice. If freight is included, the cost of freight plus a \$25.00 charge will be assessed.

**Contact:** For questions regarding invoice preparation, contact Nordstrom Supplier Compliance at 1-877-444-1313 or access the Nordstrom Supplier Compliance Manual at [www.nordstromsupplier.com](http://www.nordstromsupplier.com).

# Non-Compliance Offset Fees

## Penalties and Cancellations

### On-Time Delivery

Our commitment to customer service is dependent on the immediate availability of merchandise when the customer orders. The increased shipping and handling costs, high return rates on back-ordered items and general loss of credibility imply on-time delivery of all purchase orders is the highest priority.

Due to the time-sensitive nature of Catalog and Internet business, it is imperative for merchandise to arrive in our facility by the cancel date listed on your purchase order. Merchandise that is not completely available on the agreed upon date will be subject to cancellation or the following invoice penalties. These penalties are clearly stated on each purchase order listed just below the cancel date. Please be aware that an extension does not necessarily relieve the vendor of late fee penalties.

Days Late		
2-7	Business days	3%
8-14	Business days	5%
15-21	Business days	10%
22-30	Business days	20%

### Chargback or Offset Fees:

All non-compliance offset fees are based on a rate of \$60.00 per labor hour. A detailed report called a Vendor History Report will be mailed to the correspondence address on file for your company. Offset fees are categorized into the following headings and subheadings:

### Quality

The following failure codes are used to indicate the reason(s) a 100% inspection fee have been applied against a particular purchase order or shipment. These same failure codes may apply in the event a bin check is necessary (see Quality Standards section of this manual for details). Fees in addition to the \$60.00 per hour labor fee may apply if additional re-work is necessary.

#### 100% Inspection

- Color Faults
- Dirt/Oil Faults
- Fabric/Material Faults
- Labeling Faults
- Measurement Faults
- Sewing/Assembly Faults

### Inbound

The following failure codes are used to indicate the reason a \$60.00 per labor hour fee has been applied against a particular purchase order or shipment. Inbound failure codes are specifically related to packing and shipping requirements (see Packing and Shipping section of this manual for details). Offset fees will be charged for the labor hours it takes to correct the shipment in order to process your order through the Nordstrom Direct iFulfillment Center.

## **Non-Compliance Offset Fees**

### **Inbound (cont.)**

#### **Documentation**

- Missing or incomplete packing slip
- Fax or e-mail ASN form

#### **Packing**

- Cartons over maximum weight limit
- Mixed SKU's in cartons
- Mixed PO's in cartons

#### **Packaging/Labeling**

- Shoe boxes not rubberbanded

#### **Shipping Cartons**

- Non-compliant carton (dimensions, perforations, stability etc.) if shipping to #808 only
- Incorrect carton width (wide vs. narrow) If shipping to #808 only
- Missing or incomplete carton markings

### **Miscellaneous Offset Fees**

The following offset fees may be issued for violations in the following areas. Please refer to specific sections of the Procedures Manual to ensure you are in complete compliance with all requirements.

#### **Routing**

- Shipping with non-approved carrier - \$25.00 plus full freight
- Wrong destination - \$25.00 plus full freight
- Miscellaneous - \$25.00 plus full freight

#### **Order Fulfillment**

- Customer backorders due to vendor negligence - \$10 -\$25 per unit or # of backorders
- Customer cancellations due to vendor negligence - \$10 -\$25 per unit or # of backorders
- Customer correspondence due to vendor negligence – cost of letter, postage and labor

#### **Merchandise Returns**

- Refusal of overages - \$25.00 + freight +\$60.00 per hour labor
- Refusal of substitutions - \$25.00 + freight +\$60.00 per hour labor
- Defective claims returned - \$150 plus claim to remain valid, goods may be destroyed

### **Audit Summary**

Details related to a quality related failure resulting in offset fees will be e-mailed to key staff members within your organization. We ask you to provide us with e-mail addresses for key sales people, production staff as well as shipping or operations manager(s). For additions, changes or updates please contact the vendor compliance area at (206) 215-7045.

### **Vendor History Report**

Once a month, vendors will be mailed a copy of their Non-Compliance Vendor History Report. This gives a breakdown of offset fees issued by purchase order. The report is your documentation that a chargeback has taken place. Please contact the vendor compliance area at (206) 215-7045 with any questions regarding this report.

**See next page for example of Vendor History reporting.**

# Nordstrom Direct

Fred Flintstone  
Accounts Receivable  
Flintstones, Inc.  
123 Limestone Avenue  
Bedrock, CA 99999

Dear Fred:

Enclosed is current documentation of non-compliance chargebacks for **November** 2002. These charges were incurred as a result of shipping, packing, labeling, or quality errors.

The media date listed in the far right column of the enclosed sheet will correspond with the media date on your check. Please refer to the **Nordstrom Direct Procedures Manual** for a complete listing of violations and their corresponding chargebacks.

Please share the information on these documents with your Operations, Production, and Shipping Departments. We would like to see all vendors be 100% compliant with the Nordstrom Direct shipping/packaging guidelines.

Feel free to contact us to discuss any questions or concerns you may have regarding this information.

Sincerely,

Vendor Compliance Coordinator  
Nordstrom Direct  
Phone: (206) 215-7045  
Fax: (206) 215-7845

Dept.#	Vendor	Vendor Name	PO #	Shipment #	Non-Compliant Description	Item #	\$\$\$	Media Date
356	12345	FLINTSTONES INC.	000000616303	000048272	ASN NOT RECEIVED	23982	.00	1102dsd
356	12345	FLINTSTONES INC.	000000616303	000048272	PACKAGING/LABELING	23982	.00	1102dsd
356	12345	FLINTSTONES INC.	000000616303	000048272	SHOE BOXES NOT RUBBERBANDED	23982	\$57.00	1102dsd
356	12345	FLINTSTONES INC.	000000616303	000048272	SHIPPING CARTONS	23982	.00	1102dsd
356	12345	FLINTSTONES INC.	000000616303	000048272	MISSING OR INCOMPLETE CARTON MRKGS	23982	\$75.00	1102dsd
<b>FLINTSTONES INC. total</b>							<b>\$132.00</b>	